



Kurt E. Floren
Agricultural Commissioner
Director of Weights and Measures

COUNTY OF LOS ANGELES

Department of Agricultural Commissioner/ Weights and Measures

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Richard K. Iizuka
Chief Deputy

August 02, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

30 August 2, 2016

LORI GLASGOW
EXECUTIVE OFFICER

APPROVAL OF CERTIFICATION FEE SCHEDULE FOR LOW RISK PEST EXCLUSION AND DIRECT MARKETING PROGRAMS (ALL DISTRICTS) (3-VOTES)

SUBJECT

The Department of Agricultural Commissioner/Weights and Measures (ACWM) requests a hearing to obtain public input concerning changes in ACWM's fee schedules, to provide both quarantine and direct marketing certification for Fiscal Year 2016-17. ACWM's review indicates a need to adjust the fee schedule for these services provided by ACWM's Pest Exclusion and Produce Quality Divisions. The need to modify the Department's fee schedule has been verified by the Auditor-Controller. These charges for services are authorized by the California Food and Agricultural Code (FAC) and have been reviewed by County Counsel. All fees for service shall be collected in advance by the ACWM and paid into the County treasury. For Fiscal Year 2016-17, it is necessary to increase fees to recover inspection and certification costs.

IT IS RECOMMENDED THAT THE BOARD:

Set August 23, 2016, at 9:30 a.m. as the date and time for a Public Hearing at 500 West Temple Street, Los Angeles, CA, concerning changes in ACWM's fee schedules, to provide both quarantine and direct marketing certification.

IT IS RECOMMENDED THAT THE BOARD AFTER THE PUBLIC HEARING,

1. Approve and adopt the schedule shown in Attachment I for Direct Marketing and Pest Exclusion Fees for Certification at the close of the hearing.

2. Authorize the Agricultural Commissioner/Director of Weights and Measures (Commissioner/Director) to collect fees to recover costs for inspection and certification services to facilitate international, interstate and intrastate shipments, and direct marketing of California agricultural products.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the above actions is to enable the ACWM to maintain critical services for businesses in Los Angeles County that engage in shipping plant materials to locations in other countries, states and counties within California that require certification of pest cleanliness and/or direct marketing. These are State-mandated programs to be carried out by the ACWM required by FAC Sections 5205 and 47020. Fees to pay for the costs of providing these services are authorized by the FAC Sections 5202 and 47020.

Approval of these fees is essential to maintaining quarantine and farmers' market certification services for Los Angeles County businesses. These services annually facilitate almost 20,000 international, interstate and intrastate shipments of California agricultural products. In addition, these services provide direct marketing opportunities for more than 700 California agricultural producers, including more than 150 from Los Angeles County, at more than 145 certified farmers' markets. FAC Section 5205 requires the Agricultural Commissioner to inspect and issue certificates attesting to the pest cleanliness, or the treatment of plants or other agricultural products, when this certification is required by law for entry into another state or foreign country. FAC Section 5202 authorizes the Board of Supervisors to establish fees to recover these inspection and certification costs. FAC Section 47020 requires the Agricultural Commissioner to provide certification and inspection, and authorizes the charging of fees to recover costs incurred for direct marketing certification and regulatory activities.

Quarantine Inspection and Certification

The ACWM certified 19,750 shipments of plant materials and produce between April 1, 2014, and March 31, 2015. The cost for these services was \$1.493 million, resulting in a net County cost of nearly \$674,000 based on a fee structure that was first adopted by the Board of Supervisors in 1994. Los Angeles County businesses, in that 12-month period, shipped products to 63 countries around the world and to 20 other states and territories in the United States. Although there may be no direct benefit to the County in providing these services to businesses, there is an indirect benefit in supporting and facilitating hundreds of jobs and millions of dollars in commerce.

Farmers' Market Inspection and Certification

The Los Angeles County Board of Supervisors passed a motion on January 7, 2014, directing the Agricultural Commissioner to work with other agencies and industry groups to develop and implement legislation that would address ongoing deceptive practices that were pointed out by various media groups beginning in September of 2010 and continuing through December of 2013. The resulting passage of Assembly Bill 1871 (Dickinson) now allows for full cost recovery of County costs for mandatory inspections every six months and annual certification. Because of past and ongoing deceptive marketing practices within the regulated industry, the Los Angeles County Agricultural Commissioner has directed staff to conduct inspections and investigations every three months. These efforts have resulted in issuance of 101 penalties and suspensions for these types of

violations.

The cost to ACWM of providing these program activities from April 1, 2014, through March 31, 2015, was \$326,000. The current fee schedule (established by the Board of Supervisors in 1994) generated a total of \$76,500, resulting in a net County cost of approximately \$249,500. There are more than 145 certified farmers' markets at which more than 700 producers, including 150 producers based in Los Angeles County, sell their fresh California grown products every week. These markets provide thousands of jobs and millions of dollars in commerce.

It is recommended that the Board, after public hearing, adopt the proposed fee schedules to allow enhanced cost recovery.

Implementation of Strategic Plan Goals

These fees support the Countywide Strategic Plan Goal 1: Organizational Effectiveness.

Service is enhanced to the County's residents through locally-administered, efficient operations as part of a statewide program to facilitate international, interstate and intrastate sales and shipments and direct marketing of California agricultural products to the public.

FISCAL IMPACT/FINANCING

Under this new schedule of fees, there will be full recovery of all County costs associated with providing quarantine and State-mandated farmers' market inspections every six months and annual certification services to facilitate international, interstate and intrastate shipments and direct marketing of agricultural products.

Quarantine Inspection and Certification

The Los Angeles County ACWM has certified between 17,400 and 22,500 shipments of agricultural products each fiscal year since FY 2010/2011. It is expected that the proposed fees will generate approximately \$1.9 million and will offset program costs. There has been an increasing demand for certification services such that it is necessary to offer certification on Saturdays as well as throughout the typical business week. This is expected to result in a reduction of all net County costs amounting to approximately \$674,000.

Farmers Market Inspection and Certification

As noted above, there are more than 145 certified farmers' markets at which more than 700 producers, including 150 producers based in Los Angeles County, sell their fresh California grown products every week and inspections related to this program have resulted in a net County cost of approximately \$249,500 for the period from April 1, 2014, through March 31, 2015, due to a shortage in fee revenues under the existing fee schedule.

The attached schedule of fees is estimated to generate approximately \$146,800, an increase of \$70,300 from prior years. The proposed budget for this program in FY 2016/17 will be \$352,000. The California Department of Food and Agriculture has contracted with the ACWM in the amount of \$77,900 to perform additional investigations and inspections beyond those mandated in statute. Fees generated after the adoption of the new fee schedule, in conjunction with revenues provided via the State contract, will result in a reduction in net County costs applicable to the State-mandated inspections required under this program of approximately \$122,200.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The FAC Section 5205 requires the ACWM to inspect and issue certificates attesting to the pest cleanliness, or the treatment of plants or other agricultural products, when this certification is required by law for entry into another state or foreign country. FAC Section 5202 authorizes the Board of Supervisors to establish fees to cover these inspection and certification costs. Section 47020 requires the county agricultural commissioner to provide, and authorizes the charging of fees to pay for costs associated with, certification and inspection of certified farmers' markets and agricultural producers.

The need to modify the Department's fee schedule has been verified by the Auditor-Controller. These fees for services are authorized by the FAC and have been reviewed by County Counsel. All fees for service shall be collected in advance by the ACWM and paid into the County treasury.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Board action will support the programs services by providing for full cost recovery of all quarantine certification program expenditures and most farmers' market program expenditures.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kurt E. Floren', with a long horizontal line extending to the right.

KURT E. FLOREN

Agricultural Commissioner, Director of Weights
and Measures

KEF:EW:ew

Enclosures

c: Chief Executive Officer
County Counsel
Auditor-Controller

**Agricultural Commissioner/Weights and Measures
Direct Marketing and Pest Exclusion Fees for Certification
Fiscal Year 2016-17**

Certified Producers:

Base Fee per Certificate (Includes four embossed copies)	\$ 95.00
Additional fee if Inspection of Growing Grounds Exceeds One Hour – per quarter hour	\$ 23.75

Certified Farmer's Markets:

No. of Producers/Market (Rate based on two inspections per year)

0 to 10	\$ 370.00 per year
11 to 20	\$ 840.00 per year
21 to 30	\$ 1,490.00 per year
31 to 40	\$ 2,120.00 per year
Over 40	\$ 3,280.00 per year

Phytosanitary and Quarantine Compliance Certificates:

Base fee per Certificate Issued at Field Location	\$ 97.00
Additional Fee if Inspection of Shipment Exceeds One Hour, *For Call Backs, Matter of Record Documentation, or if Inspection is at ACWM Office – per quarter hour	\$ 24.25

* Call Backs are when the load is not ready at the appointed time for inspection, requiring the inspector to either return at another time or to standby. Time will include travel time to the location.